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IMPROVING THE OVERSIGHT OF DEFENSE AGENCIES AND DOD
FIELD ACTIVITIES(U) LOGISTICS MANAGEMENT INST BETHESDA
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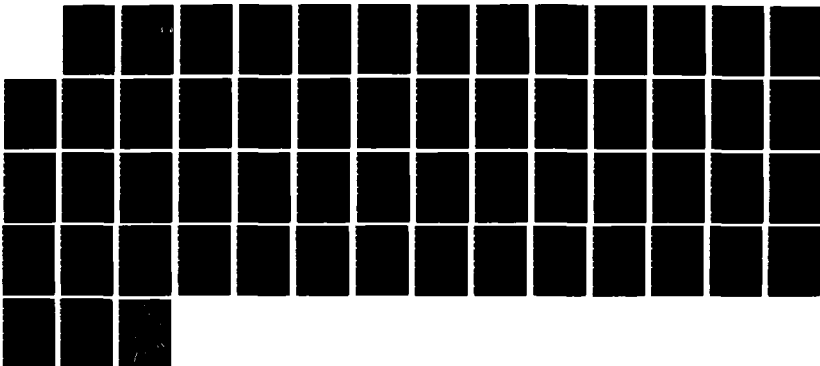
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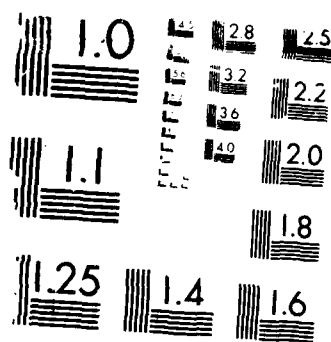
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IMPROVING THE OVERSIGHT
OF DEFENSE AGENCIES AND DoD FIELD
ACTIVITIES

Report WH701R1

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September 1987

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PREFACE

Public Law 99-433, known as the Goldwater-Nichols DoD Reorganization Act of 1986, requires that the Secretary of Defense conduct a number of studies of the functions and organization of the Department of Defense. One such study, required by Title III of the Act, encompasses the functions and organizational structure of Defense Agencies and DoD Field Activities (A&FAs) to determine the most effective, economical, and efficient means for providing supplies or services common to more than one military department. This report addresses one of the many topics of that study: oversight relationships exercised by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff (CJCS) over the A&FAs.

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Executive Summary

IMPROVING THE OVERSIGHT OF DEFENSE AGENCIES AND DoD FIELD ACTIVITIES

Oversight of the Defense Agencies and the Department of Defense Field Activities by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff is, in general, effective. Officials to whom oversight authority has been delegated have a sense of partnership with Agency and Field Activity directors in accepting joint responsibility for Agency and Field Activity missions. Problems requiring attention are communicated and resolved quickly.

Defense Agencies and DoD Field Activities (A&FAs) were originally created to perform support or service functions common to all Military Services. For most A&FAs that original rationale remains valid today. The only viable alternatives would be to designate single Military Services to perform specific functions for all Services or to return the functions to all the Services. There is little argument to support either option. Thus, with few exceptions, the arrangement of A&FAs and their sponsors should remain organizationally as it is now. For the exceptions, our recommendations are:

- Create an independent board to evaluate the organizational assignment of contract award, administration, and audit functions and recommend changes where appropriate.
- Consider assigning all contract administration functions still performed by the Military Services to the Defense Contract Administration Service office of the Defense Logistics Agency.
- Consider combining the offices of the Assistant Secretary of Defense (International Security Affairs) and the Assistant Secretary of Defense (International Security Policy) to unify the oversight of the Defense Security Assistance Agency.

Institutional deficiencies also exist which impede better general oversight. Those deficiencies and recommendations to overcome them follow.

Satisfactory oversight of A&FAs is hindered by the lack of a system of recurring reports on their status, performance, and problems. Optimum oversight requires that select information be furnished at least annually to the Secretary of Defense and, when appropriate, to the Chairman of the Joint Chiefs of Staff (CJCS). We recommend that OSD, OCJCS, and A&FAs jointly develop essential reporting requirements that, as a minimum, cover performance, readiness, and problems.

The Goldwater-Nichols DoD Reorganization Act of 1986, Public Law 99-433, designates four Defense Agencies as *combat support agencies* (CSAs). It gives the CJCS more authority and responsibility for resource requirement generation and resource management. The Act thus requires closer cooperation among the OCJCS, the Unified and Specified Commands, and the CSAs. Continuous liaison is needed. Liaison arrangements should be negotiated.

If A&FAs are to function effectively within the total DoD complex, their responsibilities and limits must be commonly understood. The use of charters serves that purpose, but only if they are kept up-to-date. Many are obsolete. We recommend that the Deputy Assistant Secretary of Defense (Administration) review and revise all A&FA charters as necessary and that he coordinate a review of A&FA charters every two years.

We believe implementation of the recommended actions will improve the oversight of the Defense Agencies and the DoD Field Activities and be consistent with the provisions of Public Law 99-433.

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PART I

SECTION 1. OVERVIEW

INTRODUCTION

Oversight is the responsibility of an official to oversee the activities of a subsidiary organization. This responsibility involves providing policy guidance, supporting necessary resource requests, requiring and reviewing structured reports covering status, performance, and problems, and maintaining constant liaison. Oversight involves exercising authority, when necessary, to assure that each subsidiary element performs its mission and that it has the opportunity to perform without encountering undue obstacles. The failure of a subsidiary organization to perform its mission reflects adversely on the official's oversight. The oversight relationship, then, between an official and the subsidiary organization significantly affects the quality of performance achieved by both.

The oversight exercised by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff (CJCS) over selected Defense Agencies and DoD Field Activities (A&FAs) is the subject of this report. We find, in general, that the oversight is adequate, appropriate, and effective. In OSD, the oversight responsibility for each A&FA has been delegated to the appropriate ASD or DASD level, and the Office of the CJCS (OCJCS) becomes involved in oversight when appropriate.

GENERAL FINDINGS AND RECOMMENDATIONS

Organizational Alternatives

A historical review of the rationale for establishing individual A&FAs shows that most such organizations were created to perform some common support or service function that could best be performed for the entire DoD by a joint organization. Even though some of these A&FAs have now been in existence for over 25 years the original reasons for establishing such organizations appear to be as valid today as they were then. Generally, the only alternatives to their continuation are to return the functions of individual A&FAs to a single Military Service or split

each among all Services. Although we have not examined those possibilities in depth, we find little evidence to justify either option.

Some concern has been expressed that the proliferation of A&FAs has strained the span of control capabilities of the Secretary of Defense. That concern is not supportable. The Secretary of Defense has delegated the oversight responsibility for these organizations to the most appropriate Under Secretary of Defense, Assistant Secretary of Defense, or, in some cases, Deputy Assistant Secretary of Defense or Special Assistant to the Secretary of Defense. In short, oversight is spread widely but appropriately throughout OSD and is certainly not centered in the Secretary of Defense himself.

Recommendation

Except for changes specified in individual recommendations in Part II of this report, keep A&FAs organizationally as they are now.

Reporting

Defense Agencies and DoD Field Activities do not appear to be consistently required to furnish OSD/CJCS sponsors recurring annual reports. Currently they are under no requirement to report measures of performance, readiness status, or problems dealing with manpower, facilities, Congressional liaison, and relationships with the Military Services. Obviously, they do submit funding requests — Program Objective Memorandums and budget or apportionment requests — in accordance with OSD guidance.

Optimum oversight requires that certain select, recurring data be furnished by each A&FA at least annually. The sponsoring offices and each individual organization should agree on what information is required and when it is needed. Defense Agencies designated by Public Law 99-433 as *combat support agencies* (CSAs) (the Defense Communications Agency, the Defense Intelligence Agency, the Defense Logistics Agency, and the Defense Mapping Agency) have an additional requirement to identify and report to OSD and the CJCS information on readiness, mobilization planning, and coordination efforts with Unified and Specified Commanders. Such requirements should be agreed to by OSD, CJCS, and the individual A&FAs.

Recommendation

Identify and develop formal recurring reporting requirements to cover the minimum essential information necessary to assure sponsoring offices that organizational performance meets or exceeds stated objectives. A special effort is needed to ensure that designated CSAs provide OSD and the CJCS with sufficient data to identify the status of wartime planning and provide a measure of mobilization readiness.

Liaison

A special relationship exists among the CJCS, the Unified and Specified Commanders, and the designated CSAs. Public Law 99-433 further strengthens that relationship by expanding the role of the CJCS and the Unified and Specified Commands in program and budget development. It is clear that each CSA needs continuous liaison with the CJCS and some or all of the Unified and Specified Commands. Liaison could involve locating defense agency (CSA) personnel in the Office of the CJCS and/or at the headquarters of the Unified or Specified Commands, or it could involve locating CJCS and Unified or Specified Command personnel at CSA headquarters. An appropriate arrangement should be negotiated with each CSA. In some cases, the liaison needs may be satisfied through some form of telecommunications. This should also be negotiated with each CSA.

The A&FAs not designated as CSAs may also have a need for some type of liaison with the CJCS and the Unified and Specified Commanders. When this is so, the affected organizations should be encouraged to jointly identify the need and to provide the required liaison.

Recommendation

Develop appropriate liaison among the designated CSAs, the CJCS, and the Unified and Specified Commanders.

Charters

If A&FAs are to function effectively within the total DoD complex, their responsibilities, limits, and lines of authority must be commonly understood. The negotiation and publication of charters serves that purpose, but only if they are kept up to date. Many are obsolete. Recommendations to update charters for individual

organizations are included in individual A&FA reports in Part II. The extent of the problem indicates, however, that OSD should initiate immediate, then recurring review to assure that A&FA charters are brought and kept up-to-date.

Public Law 99-433 and recommendations of the President's Blue Ribbon Commission on Defense Management (Packard Commission) place increased responsibility on the CJCS to provide inputs during the development of the DoD program and budget estimates. This is of particular significance to the four Defense Agencies designated by the law as combat support agencies. Inputs are also required from the Unified and Specified Commanders. Charter reviews should place particular emphasis on any change in the CJCS/A&FA relationship emanating from recent laws and Executive Branch decisions.

Recommendations

- Initiate a review of all A&FA charters to incorporate all current organizational, functional, oversight, and other appropriate changes.
- Coordinate a review of all A&FA charters every 2 years. The review of individual charters could be staggered to develop a phased workload.
- Review CSA charters jointly with the OCJCS to determine whether the currently stated relationships between the JCS and such organizations require charter revision. This should be a one time review with any subsequent changes incorporated into the review proposed in the second recommendation listed above.

SPECIFIC FINDINGS AND RECOMMENDATIONS

Specific findings and recommendations covering the 11 A&FAs shown in Table 1-1 are provided in Part II of this report. Recommendations made in Part II are applicable only to the specific organization being discussed and not to A&FAs generally.

TABLE 1-1

DEFENSE AGENCIES AND DoD FIELD ACTIVITIES

Defense Agencies ^a	
Reported	Not reported
Defense Contract Audit Agency Defense Investigative Service Defense Legal Services Agency Defense Logistics Agency Defense Nuclear Agency Defense Security Assistance Agency	Defense Advanced Research Projects Agency Defense Communications Agency Defense Intelligence Agency
DoD Field Activities	
Reported	Not reported
American Forces Information Service Department of Defense Dependents Schools Defense Information Services Activity Defense Medical Support Activity Office of Economic Adjustment	Defense Technology Security Administration Office of Civilian Health and Medical Program of the Uniformed Services Washington Headquarters Services

^a The Defense Mapping Agency and the Strategic Defense Initiative Organization were eliminated from the study for security reasons. The National Security Agency/Central Security Service was treated separately by Public Law 99-433 and was not included in the task.

PART II

SECTION 1. DEFENSE CONTRACT AUDIT AGENCY

BACKGROUND

Prior to the establishment of the Defense Contract Audit Agency (DCAA) in 1964, three separate groups audited DoD contracts: the Army Audit Agency, the Auditor General of the Navy, and the Air Force Auditor General. Although the three Service audit organizations mutually agreed that one Service would audit all contracts at a single contractor location, many inefficiencies still remained. These included: problems in negotiating audit cognizance, coordinating audits at multilocation contractors, and the existence of differing audit procedures within the three audit organizations. In October 1963, the Assistant Secretary of Defense (Comptroller) [ASD(Comp)] established a Contract Audit Task Force to study the problem and recommend a course of action. The Task Force advised the ASD(Comp) that a consolidated contract audit function would be desirable. This advice, coupled with comments from the Services, resulted in the ASD(Comp) recommending to the Secretary of Defense that DCAA be established.

In his statement announcing the decision on 12 December 1964, the Secretary of Defense listed the following advantages that DCAA would provide:

- Uniformity of management, organizational structure, policy direction, and resource utilization for DoD contract auditing
- More responsive, independent, objective, and consistent contract audit advice to DoD procurement personnel
- A single DoD agency to deal with Defense contractors and other Government agency personnel on this essential facet of their procurement activities
- Elimination of the need to switch contract audit responsibility with attendant work disruptions from one Military Services to another when the preponderance of a contractor's work shifts from one Service to another
- Enhanced career training and development opportunities for professional contract audit personnel.

The DCAA charter is contained in DoD Directive 5105.36, dated 8 June 1978, with Change 1, dated 17 March 1983. The charter states that DCAA is established as a separate agency of DoD under the direction, authority, and control of the ASD(Comp).

MISSION AND SCOPE

The mission of DCAA is to perform all necessary contract audits for the DoD and provide accounting and financial advisory services for contractors and subcontractors to all Department of Defense Components responsible for procurement and contract administration. These services are to be provided in connection with negotiation, administration, and settlement of contracts and subcontracts. DCAA also provides contract audit service to other Government agencies as appropriate.

DCAA has a current authorized personnel strength of 6,061 in FY87 and a total budget of \$197 million. Additional personnel positions are being requested for FY88 and FY89, and if approved, the DCAA authorized personnel strength at the end of FY89 would be 7,007, an increase of about 15 percent. This requested increase may be jeopardized, however, if DCAA is assigned a pro rata share of the Goldwater/Nichols mandated defense agency staffing reduction.

Two recent policy memorandums signed by the Deputy Secretary of Defense altered the DCAA relationship with procurement officers by assigning the responsibility for final indirect cost rate determination for all contractor locations to DCAA and by redesignating DCAA as the DoD executive agent for contractor employee compensation system reviews. The latter assignment also resulted in the transfer of 28 personnel positions from the Defense Logistics Agency (DLA) to DCAA.

The Inspectors General Act of 1978 had the effect of assigning audit policy to the Inspectors General of Government Agencies. Thus, when the Office of the Inspector General of the DoD was created on 14 March 1983, the responsibility for audit policy in the DoD was transferred from the ASD(Comp) to the Inspector General. The responsibility for DoD audit policy has been interpreted to encompass contract as well as internal audit policy. The current DCAA charter does not include this change nor the revised responsibilities covered in the recent Deputy Secretary of

Defense memorandums listed above. These revisions in responsibility represent significant changes in oversight relationship between DCAA and OSD.

OVERSIGHT RELATIONSHIP

The DoD Inspector General exercises staff supervision and oversight over audit policies used by DCAA in administering DoD contracts. The responsibility for management oversight, including DCAA budget preparation, Program Objectives Memorandum (POM) development, and personnel authorizations is exercised by the Deputy Assistant Secretary of Defense (DASD) (Contract Audit and Cost Control) in the Office of the ASD(Comp). The DASD (Procurement), by virtue of having the responsibility for developing and implementing the Defense Federal Acquisition Regulation Supplement (DFARS) that contains procurement policies that sometimes affect contract audit, has an indirect oversight responsibility for DCAA. In addition to the DCAA/OSD interface and overview relationship, DCAA interfaces with Military Service and DLA procurement officers at all levels of the DoD where contracts are awarded or administered.

The multiple relationships produce an environment that at times results in duplicative effort by auditors and procurement officers, turf quarrels about whether the auditor or the procurement officer should be performing a particular analysis, and questions regarding who is in charge. Thus, we see a somewhat contentious association between DCAA, the office of the DoD Inspector General, and the office of the DASD (Contract Audit and Cost Control) on the one hand and the office of the ASD (Production and Logistics), Defense Contract Administration Service (DCAS) of DLA, and the procurement officers of the Military Services on the other. In addition to creating a somewhat acrimonious attitude in-house between contract audit and acquisition personnel, DoD, unfortunately, may not be showing a single face to industry in the overall areas of procurement management. This multifarious approach is particularly evident in the area of DoD contract audits. In that area, in addition to DCAA, the Government Accounting Office (GAO), and DoD Inspector General audits, the contractor may also be "audited" by the procurement community through such activities as procurement reviews, core audits, should cost reviews, or make or buy and other reviews. There is little wonder that contractors often complain about too much Government audit.

When the Secretary of Defense established Project 60 in 1963 to study how best to improve the DoD contract administration function, many of the same concerns about duplicative audits were expressed by representatives of industry at that time. Direct quotes from the Project 60 report state:

Members of industry have expressed concern to the Congress over the number of surveys they must undergo. They have charged that there is costly overlap and duplication in this area, not only between Services, but within a Service.

When there is more than one Service performing contract administration services in a contractor's plant, duplicate administrative controls are inevitable.

DCAS was established in 1964 as a direct result of Project 60 recommendations. Project 60 initially permitted major weapons systems contracts to remain with the Military Services for contract administration purposes. It recommended, however, that at a later date, all contract administration functions be combined in DCAS to eliminate duplication of audit type reviews by DoD and to present a "single DoD face" to industry. This latter step, some 23 years later, has not yet been implemented.

In DoD, basic questions about the respective role or function of contract auditor versus procurement officer still exist. Nevertheless, the oversight relationship among DCAA, the OASD(Comp), and the DoD Inspector General is excellent. The relationship between DCAA and the DASD (Procurement) is fine on an individual basis but is less satisfactory functionally. The DCAA relationship with OSD is shown in Figure 1-1, on the next page.

The functional problem concerns the degree to which the contract auditor participates as a "team member" during the DoD negotiation process prior to and during source selection, contract awards, progress payments, or final contract settlement. The procurement officer, who heads the DoD team, believes the contract auditor should be a bona fide member of the DoD team, providing advice in a manner similar to that provided by quality assurance, engineering, or logistics members of the team. The auditor's independence would be maintained by virtue of the fact that he is, in fact, auditing the contractor and not auditing members or functions of the DoD team. The contract auditor, on the other hand states that he is indeed a member of the DoD team but that his role must be totally independent both in perception and in fact. The auditor's concern is that being a member of the "team"

can be interpreted as being subservient to the procurement team chief. That role would not be acceptable to the auditor. The procurement team leader, on the other hand, argues that it is impossible to be both a team member and independent of the team simultaneously. This raises the issue of who is really in charge of DoD negotiations with Defense contractors.

The auditor states that the procurement officer has the final say in all aspects of contract negotiation. The procurement officer states that while technically he has overall responsibility, when he disagrees with contract audit "advice," the reconciliation procedures prescribed in DoD Directive 7640.2, "Policy for Follow-up on Contract Audit Reports," are imposed and they take anywhere from 2 weeks to 6 months. This could discourage a challenge of audit advice that might otherwise occur.

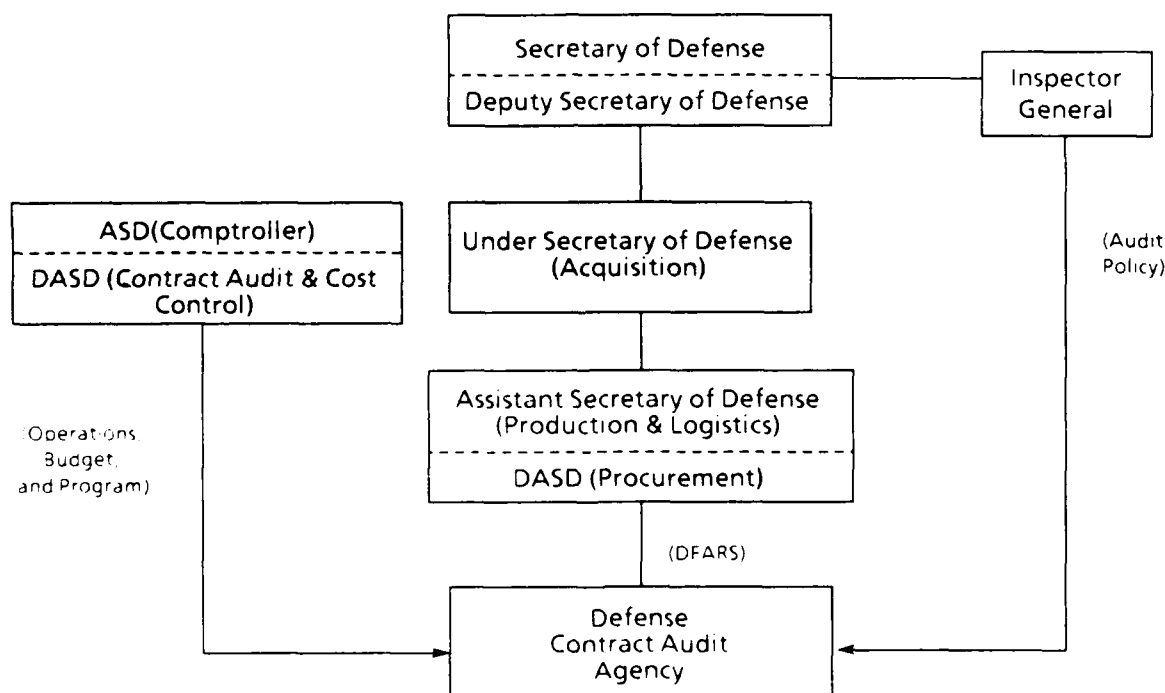


FIG. 1-1. DCAA OVERSIGHT ORGANIZATION

The contract audit/procurement offices' relationship was further exacerbated by two decisions made by the Deputy Secretary of Defense on 5 August 1985 and 2 June 1987, to assign responsibility to DCAA for "final indirect cost rate

determination for all contractor locations" and to "redesignate the DCAA as the DoD executive agent for contractor employee compensation system reviews and direct the transfer of DLA resources for this function to DCAA," respectively. This type of assignment appears to add to the contract auditor's responsibility without specifically establishing accountability. It also adds to the perception of procurement personnel that contract audit is slowly but steadily encroaching on functions that have historically belonged to the procurement officer.

The problem of the relationship between the procurement offices and the contract auditor has been addressed by several forums over the years. Examples of these forums and their conclusions or recommendations are as follows:

- Report of the Commission on Government Procurement, Volume I, December 1972.

Recommendation: "Consolidate the Defense Contract Administrative Services and Defense Contract Audit Agency activities into a single agency reporting directly to the Secretary of Defense."

- President's Blue Ribbon Commission on Defense Management, 30 June 1986.

Recommendation: "... oversight of defense contractors must be better coordinated among the various DoD agencies and Congress. Guidelines must be developed to remove undesirable duplication of official effort and, where appropriate, to encourage sharing of contractor data by audit agencies The new Under Secretary of Defense (Acquisition) should establish appropriate overall audit policy for DoD agencies and generally supervise the DoD's oversight of contractor performance."

- The American Institute of Certified Public Accountants (AICPA), May 1970.

Conclusion: "The internal organization of the Defense Contract Audit Agency is good. We believe that it is extremely important that the Defense Contract Audit Agency remain an independent organization, and that it should not be administered by the procurement function."

- The DoD Assistant Inspector General for Audit Policy and Oversight, 26 September 1985.

Statement: "The agency's (DCAA) placement within the Department of Defense (DoD) organizational structure assures its independence from the procurement and contract administrative functions. This placement gives

the Defense Contract Audit Agency the responsibility to select the depth and scope of audits."

It is apparent that the relationship between the contract auditor and the procurement officer is an historic one that may always be functionally competitive. This alone is not necessarily bad. However, the current association may be reaching the point at which the following fundamental questions must be answered:

- Who is accountable?
- Who is in charge?
- Who is making the decisions?

These questions, indicate problems that, coupled with charges of duplication of effort, DoD must resolve if it is to improve its relationship with Defense contractors. Even though some of the recent decisions are based on correcting real problems — some of which have been widely publicized — care must be taken to preserve the historical audit/management relationship. The auditor should not be placed in a position in which he is accountable since at that point, he can no longer serve as an auditor. The manager, by the same token, should not duplicate the audit review any more than he should duplicate the engineers' estimate. *These current conflicts must be resolved.*

CONCLUSIONS

The DCAA charter published in DoD Directive 5105.36 dated 8 June 1978, with Change 1 dated 17 March 1983, requires revision. The relationship and responsibility of the DoD Inspector General (IG) for audit policy should be shown. Also, the Deputy Secretary of Defense contract audit policy memorandums of 5 August 1985 and 2 June 1987 should be included in any subsequent charter revision.

The oversight relationship among the DCAA/OSD(Comp), DoD IG is excellent. The relationship between the audit community and the procurement community is fine on a person-to-person basis but is not working well functionally. The procurement side is concerned that contract auditing is infringing on procurement officer responsibilities, while the procurement officer, although losing responsibility, retains accountability for the actions of the DoD team. The auditor, on the other hand, is concerned about maintaining his independence and believes his increased

responsibility has been assigned because the procurement officers have, in many documented and publicized cases, failed to properly execute their responsibilities. In brief, an unhealthy situation is developing between procurement and contract audit personnel. Duplicative audit type reviews are currently being performed. Contractors are complaining about excessive audits – sometimes with good cause; procurement personnel are concerned that further encroachment by auditors will occur; and audit personnel are concerned that their need to remain totally independent will be jeopardized. These are real concerns and must be dealt with fairly.

In some areas it is becoming more and more difficult to separately identify procurement officer functions and contract auditor functions. A joint forum should be established to review the functions associated with awarding, managing, and auditing DoD contracts from source selection to final contract settlement. Functions reviewed should then be allocated by the Secretary of Defense appropriately between the procurement officer and the contract auditor. This functional reidentification and allocation would end questions about accountability, duplication, and who is in charge. It would also enhance DoD's interface with industry.

The continued maintenance of separate contract administration organizations in the Military Services in support of select major weapons systems, contributes to continued allegations of duplicate audits and the presentation of more than one DoD face to industry. A significant portion of these complaints could be eliminated by combining all DoD contract administration functions in DCAS.

RECOMMENDATIONS

- Stop duplicative audits performed by contract audit and procurement personnel. Appropriate coordination among auditors, among procurement personnel, and finally, among auditors and procurement personnel should be accomplished in a structured manner to assure that duplication of audit-type reviews has been minimized. (This recommendation is not intended in any way to inhibit the performance of necessary audit type reviews associated with awarding and administering DoD contracts.)
- Identify the detailed functions associated with auditing and managing DoD contracts, including the period from source selection to final contract settlement, and show them separately for both the contract auditor and the procurement officer. An internal DoD panel of experts in the areas of contract audit and procurement policy should be convened to identify these functions, and the Chairperson should be independent. When that effort is

completed, audit and procurement organizations should be given functional assignments by the Secretary of Defense that will eliminate or greatly reduce the controversial relationship that exists today.

- Consider incorporating into DCAS all remaining contract administration functions now performed by the Military Services to help eliminate duplication of DoD "audits" and present a single DoD face to industry.
- Revise the charter to show the relationship and responsibility of the DoD IG, to show the reduced role of OASD(Comp), and to include any appropriate policy changes issued by the Secretary of Defense or the Deputy Secretary of Defense since the charter was last revised.

SECTION 2. DEFENSE INVESTIGATIVE SERVICE

BACKGROUND

The Defense Investigative Service (DIS) was initially established in April 1972. Its original single mission was to provide DoD components with a centrally directed personnel security investigative service. Today, DIS is also responsible for conducting law enforcement investigations as directed by the Deputy Under Secretary of Defense (Policy) [DUSD(P)] and for the Industrial Security Program, both in the United States and internationally.

DIS consists of a Management Headquarters, a Personnel Investigations Center, eight regions, two international industrial security offices, and the Defense Industrial Security Clearance Office. More than 300 DIS operating locations are spread throughout the 50 states, Europe, and Japan to serve approximately 2,700 organizations authorized to request DIS services.

DIS performs the following two primary types of investigations:

- *Personnel Security Investigation (PSI).* A PSI is an inquiry into the activities of an individual to gather information from which authorities may judge the suitability of an individual for an assignment to a sensitive position or for access to classified material. The PSI provides for two levels of inquiry. The first requires a National Agency Check (NAC) — a check at the national level of DoD and FBI files and the files of any other agency likely to have information about the individual. An NAC is required for all individuals requiring access to DoD material classified Secret and persons entering the Armed Forces. The second is required for individuals who may be assigned to more sensitive duties or need access to more sensitive classified material.
- *Defense Industrial Security Program.* This program safeguards classified Defense information that has been entrusted to industry through contracts awarded. The Government establishes basic requirements for the protection of classified material; industry implements them; and the Government monitors their implementation. DIS also provides this service for 18 other Federal Departments and Agencies and for designated foreign governments.

DIS is also responsible for the Defense Key Assets Protection Program designed to develop and promote physical protection of those industrial facilities in the United States that are important to defense production and, during mobilization, to military operations. A further responsibility of DIS is a program that involves the inspection of prime contractors and subcontractors who possess or have custody over sensitive conventional arms, ammunition, and explosives in connection with defense contracts. Inspections are designed to ensure that such items are adequately safeguarded to preclude theft, misappropriation, or loss.

The most recent DIS charter is contained in DoD Directive 5105.42 dated 14 June 1985. The Director, DIS operates under the direction, authority, and control of the DUSD(P).

MISSION AND SCOPE

The DIS missions are to: (1) conduct personnel security investigations for military and civilian DoD personnel and those of DoD contractors; (2) administer the DoD Industrial Security Program on behalf of DoD and other Federal Departments and Agencies; (3) when directed, conduct law enforcement investigations; and (4) conduct other investigations and related operations, when directed.

The extent of DIS activities during FY86 is shown in the following tabulation:

TABLE 2-1

DIS STATISTICS

National Agency Checks (NACs)	900,000
Average time to complete an NAC	39 days
Field investigations (FIs) completed	214,000
Average time to complete an FI	80 days
Industrial Security Program inspections	22,000
DIS-authorized personnel (approximately)	4,500

OVERSIGHT RELATIONSHIP

The DUSD(P) exercises staff supervision, direction, authority, and control over DIS. The fundamental oversight relationship between the DUSD(P) and DIS is

excellent. The Director, DIS briefs the DUSD(P) every five or six weeks on all aspects of DIS activity. Major problems are forwarded from the DUSD(P) to the Under Secretary of Defense (Policy) or to the Secretary of Defense for resolution. This procedure is followed expeditiously and works well. Day-to-day issues are handled satisfactory at the staff levels.

DIS personnel raised some issues about OSD oversight. Those issues involve:

- A perception that OSD staff time is devoted more to detail than to policy issues. The DUSD(P) agrees that such may currently be the case, but states that the problem has been recognized and corrective actions are being taken.
- A concern that after DIS has coordinated changes to the Industrial Security Manual with the Military Services and industry, the OSD staff often completely rewrites those changes rather than concentrating only on the policy portions. The DUSD(P) believes such occurrences are rare and does not consider it to be a major problem.
- A belief that the Industrial Security Institute at Richmond, Virginia, which previously reported directly to DIS but now reports to the DUSD(P), may not be providing the previous quality of training to prospective DIS agents. DIS would like to see responsibility for oversight of the Institute moved from the DUSD(P) back to DIS. The DUSD(P) pointed out that the curriculum of the Institute has been expanded to include a training program for general security in support of other DoD organizations and Government Agencies. In short, the increased scope of the Institute's responsibilities exceeds that of DIS alone and makes it essential that oversight be at the OSD level. He stated that the Institute uses experienced DIS agents to train prospective DIS agents and to develop appropriate curricula.

CONCLUSIONS

The oversight relationship between the DUSD(P) and DIS works well. Problems are minor and of the type to be expected in any dynamic organization. Oversight problems of any type, however, should be resolved quickly.

RECOMMENDATIONS

- Keep oversight arrangements between OSD and DIS as they are.
- Resolve issues identified in the "Oversight Relationship" section.

SECTION 3. DEFENSE LEGAL SERVICES AGENCY

BACKGROUND

The Defense Legal Services Agency (DLSA) was established in 1981 to provide centralized supervision of the legal offices and personnel in the Defense Agencies. Prior to that time, the OSD General Counsel had no direct communication channel to the General Counsels of the Defense Agencies. The establishment of DLSA also eliminated duplication between the OSD General Counsel activities and those of the Defense Agencies and permitted the consolidation of all Defense Agency legal personnel into one organization. Actual operations, however, continued on a decentralized basis, with each agency positioning its legal personnel where they would be of most use to the agency. Each agency retains the responsibility for pay, travel, office space, and performance ratings for staff lawyers and provides all other administrative support. The OSD General Counsel directly supervises and controls the General Counsel of each agency and prepares performance ratings for each Agency General Counsel and Deputy General Counsel.

DLSA was staffed by transferring select legal personnel from the OSD General Counsel's office and all legal personnel from Defense Agencies to DLSA. The OSD General Counsel's office has retained about 15 spaces at the OSD level, a number that has remained relatively constant.

The responsibilities of the DLSA are to:

- Provide legal advice and services for OSD and the Defense Agencies
- Provide technical support and assistance for development of the DoD Legislative Program
- Coordinate DoD positions on proposed legislation and Presidential Executive Orders
- Provide a centralized legislative and Congressional document reference and distribution point for the DoD and maintain the Departments' historical legislative files.

MISSION AND SCOPE

The mission of DLSA is to provide legal advice, services, and support for OSD, DoD Field Activities, and Defense Agencies. In FY87, DLSA was authorized 120 personnel with a supporting budget of \$5.1 million. The legal service organizations of the Military Departments are not included in DLSA because the Military Departments are separately administered organizations with General Counsels who receive broad policy guidance and oversight from the OSD General Counsel under current organizational arrangements. That organizational arrangement is satisfactory to the OSD General Counsel and the Military Departments.

OVERSIGHT RELATIONSHIP

The OSD General Counsel exercises direction, authority, and control over DLSA. As a result, the Directors of Defense Agencies, who maintain administrative and operational control over legal personnel in their Agency, report directly to the OSD General Counsel on all legal issues. Monthly meetings of the OSD General Counsel and the General Counsels of the Defense Agencies provide an element of oversight beyond that provided through written and verbal communication channels. Defense Agency legal personnel appreciate this opportunity and consider it a plus in support of the DLSA-type organization. More direct oversight coupled with more consistent legal guidance, the primary reasons for establishing DLSA, have been achieved. From the viewpoints of both OSD and the Defense Agencies, the new relationship is satisfactory.

CONCLUSIONS

The consolidation of attorneys into a single organization has resulted in more consistent legal advice to OSD and the Defense Agencies. It has strengthened the General Counsel's ability to monitor the quality of the legal advice provided. Improvements in oversight, however, might have been achieved without the establishment of a Defense Agency. For example, a DoD directive placing Defense Agency lawyers under the direct supervision of the OSD General Counsel for the purpose of developing legal policy and advice while keeping them organizationally within their functional Agencies would suffice. Thus, from the point of view of oversight alone, creation of DLSA was not necessary.

RECOMMENDATION

- Retain current oversight arrangements between OSD and DLSA. If, however, DLSA is abolished, issue a DoD directive placing Defense Agency general counsels under the direct supervision of the OSD General Counsel.

SECTION 4. DEFENSE LOGISTICS AGENCY

BACKGROUND

The Defense Logistics Agency (DLA), initially named the Defense Supply Agency (DSA), was created by the Secretary of Defense and became operational on 1 January 1962. This action followed earlier efforts to integrate logistics support for common items of supply by establishing a single manager in a Military Service to handle all logistics functions for a particular commodity. The single manager plan began in 1955 and ended with the establishment of DSA in 1962.

DLA procures, stocks, issues, and disposes of items managed to support the Military Services. Since 1965, the Agency has been assigned the responsibility for administering the majority of defense contracts awarded by the Military Services as well as those awarded by DLA. In 1972, DLA's mission was extended overseas for the first time with the assignment of the responsibility for defense overseas property disposal operations along with that for worldwide procurement, management, and distribution of coal and bulk petroleum products. In 1973, the Agency was assigned responsibility for the worldwide management of food items for troop feeding and in support of commissaries. Over the years, DLA has been assigned responsibility for numerous other programs including: the management of increasing numbers of consumable items, DoD hazardous materials disposal, distribution of DoD scientific and technical information, development and management of DoD military standard logistics systems, management of the Federal Catalog System, and operation of the Industrial Plant Equipment Center.

The DLA charter is contained in DoD Directive 5105.22, the latest version dated 15 August 1986. The charter states that DLA is established as a separate agency of the DoD under the direction, authority, and control of the Assistant Secretary of Defense (Production and Logistics) [ASD(P&L)]. In addition, DLA operates centralized management information and technical data banks and provides scientific and technical information consistent with policy guidance provided by the Director Defense Research and Engineering (DDR&E). Further, the Chairman of the Joint Chiefs of Staff (CJCS) and the Secretaries of the Military

Departments provide support and logistical planning information when appropriate to the Director, DLA to assist in carrying out the responsibilities and functions assigned to DLA.

MISSION AND SCOPE

The mission of DLA is to function as an integral element of the DoD logistics system to provide effective and efficient worldwide logistics support to the DoD components in peace and war, as well as to Federal Agencies, foreign governments, or international organizations, as assigned. This support includes:

- Provision of items of supply that have been determined to be appropriate for integrated management by a single agency on behalf of all DoD components, or otherwise assigned by appropriate authority
- Performance of logistics services directly associated with furnishing materiel commodities and items of supply
- Administration of DoD-wide supply and logistics management systems, programs, and activities, as assigned, including the provision of technical assistance, support services, and information.

The scope of DLA activities is exemplified in Table 4-1.

TABLE 4-1
DLA STATISTICS

Consumable items managed	2.6 Million
Requisitions received annually	29.2 Million
Contract awards - FY86	\$ 16.7 Billion
Value of contracts administered - FY86	\$255.0 Billion
Disposal of excess property - FY86	\$ 5.3 Billion
Technical reports stocked	1.5 Million
Manpower - civilian	53.5 Thousand
Manpower - military	1.0 Thousand
Percentage of procurements awarded competitively	91.7

OVERSIGHT RELATIONSHIP

The Under Secretary of Defense (Acquisition) [USD(A)], exercises direction, authority, and control over the activities of DLA through the ASD(P&L), who has been delegated the responsibility for direct supervision of DLA. The Director of DLA reports directly to the ASD(P&L) on all policy and management matters that pertain to logistics and acquisition. On day-to-day matters, most issues are discussed and resolved at the DASD level in OSD and at the Deputy Director or Executive Director level in DLA. Major policy issues and lesser issues that cannot be resolved at a lower level are worked together by the ASD(P&L) and the Director, DLA for a common resolution. Issues that cannot be satisfactorily resolved between the ASD and the Director are forwarded to the USD(A) or the Secretary of Defense for final resolution. The organizational arrangement governing the oversight relationship of OSD/CJCS/DLA is shown in Figure 4-1 below.

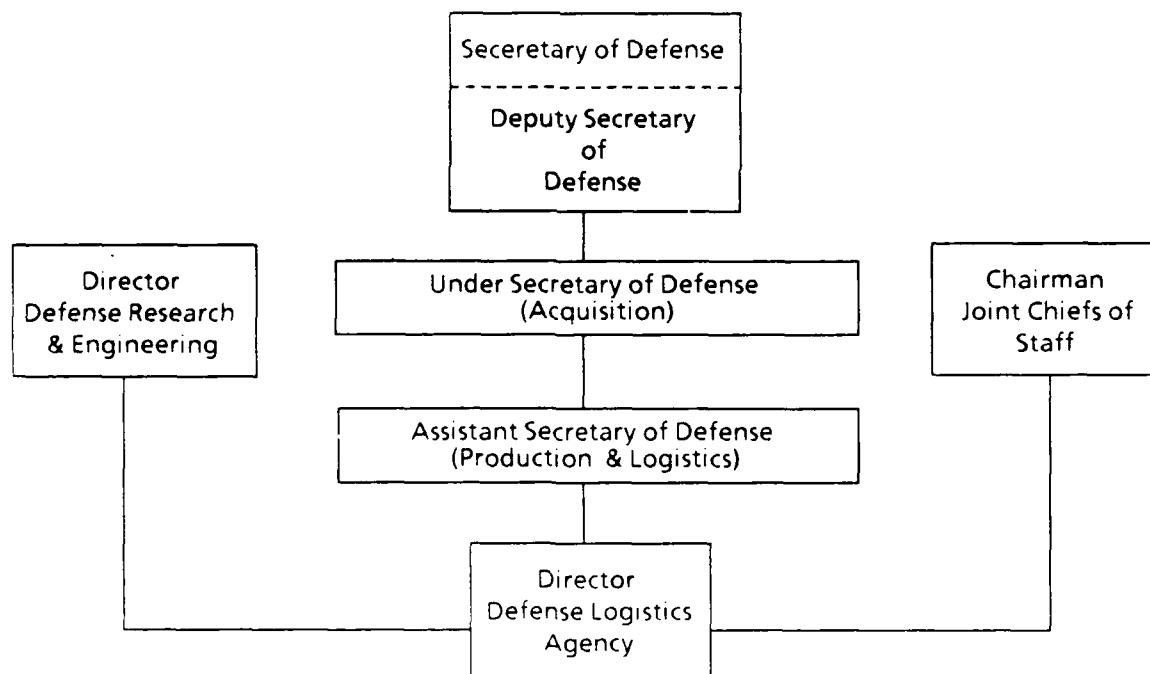


FIG. 4-1. DLA OVERSIGHT ORGANIZATION

The Director of DLA also has a wartime and mobilization responsibility to the Joint Deployment Agency, the CJCS, and the Unified and Specified Commands. This involves mobilization planning to include industrial responsiveness during

emergencies, participating in JCS sponsored exercises, and interfacing with the JCS and Unified and Specified Commands and their Component Commanders during both peace and war to assure that DLA overseas missions are carried out and are fully responsive to theater requirements.

DLA provides DoD components, government contractors, government laboratories, and other businesses, individuals, and educational institutions scientific and technical information maintained by the Defense Technical Information Center (DTIC). Guidance in this area is furnished by the DDR&E.

The oversight relationship that exists between DLA and OSD is fundamentally excellent. There is a direct, noncontentious relationship between the Director and his OSD sponsors and that relationship also extends to the Deputy and Executive Directorate levels of DLA and the counterpart DASD and Director levels of OSD. This spirit of openness, cooperation, and willingness to jointly work tough problems at top levels contributes significantly to a similar attitude at staff levels as well.

Public Law 99-433 identified DLA as a combat support agency (CSA). It also places responsibility on the CJCS to report to the Secretary of Defense on the responsiveness and readiness of each CSA to support operating forces in the event of war, and to develop uniform system concerning each CSA's ability to perform in a war or other threat to national security. The current charter of the USD(A) does not recognize the need for the CJCS to have a direct channel to DLA in areas concerning joint logistics and mobility plans, capability determination, contingency planning, joint training exercises, and readiness determination and reporting.

The Director of DLA reports to the ASD(P&L) for all functions pertaining to acquisition and logistics in accordance with the current DLA charter. Although the USD(A) charter states that he will exercise direction, authority, and control over DLA activities, a memorandum signed by the USD(A) delegates responsibility to the ASD(P&L) for direct supervision of DLA. The Director reports to the DDR&E and the Director J-4 (Logistics) for technical information and mobilization planning guidance, respectively.

CONCLUSIONS

All channels of communication between DLA and its sponsors are direct, frequent, easy to use, noncontentious, and responsive. Both sides expressed a belief

that oversight works well and that changes, if needed, could be made very quickly and with minimum difficulty. If problems need to be shifted to a higher level for resolution, both are confident that this could and would occur quickly and effectively.

The OSD/CJCS/DLA oversight relationship is good. However, the new responsibilities identified for the CJCS for readiness determination and reporting for CSAs, should be included in the USD(A) and DLA charters.

RECOMMENDATIONS

- Continue current oversight arrangements among OSD, CJCS and DLA.
- Refine the charters of the USD(A) and DLA to recognize the need for the CJCS to have a direct channel to DLA for obtaining readiness and sustainability status and to have a uniform system for reporting to the Secretary of Defense.

SECTION 5. DEFENSE NUCLEAR AGENCY

BACKGROUND

The Defense Nuclear Agency (DNA) grew out of the "Manhattan Project" organization started in 1942. In 1947, after the Atomic Energy Commission took over the Manhattan Project, the Armed Force Special Weapons Project (AFSWP) was created as a joint Army-Navy atomic energy organization responsible for Military Service atomic energy interests. The Defense Atomic Support Agency (DASA) was the follow-on organization that reported to the Secretary of Defense, through the Chairman, Joint Chiefs of Staff (CJCS), as opposed to the individual Military Services. The Agency was rechartered in 1971 as the Defense Nuclear Agency.

The responsibilities of DNA have fluctuated somewhat since AFSWP was formed in 1947. Major functional changes occurring since that time include:

- In 1947 the military functions of the Manhattan Project were transferred to AFSWP. These functions included military participation in the development of all atomic weapons and technical training.
- Between 1947 and 1952, Sandia Base, New Mexico, was transferred to AFSWP and six national stockpile sites, the Test Command, and Nuclear Weapons School were placed under the project's control.
- In 1958, AFSWP assumed two new functions: the Joint Information Exchange Group and the Joint Nuclear Accident Coordinating Center.
- In 1961, AFSWP was reorganized and redesignated as the Defense Atomic Support Agency (DASA) and was temporarily assigned responsibility for the DoD Damage Assessment Agency, which was subsequently transferred to the Defense Communications Agency in 1963.
- In 1964, the Armed Forces Radiobiology Research Institute was transferred from the Navy to DASA. At that time the mission of DASA was also changed to provide support to the Secretary of Defense, JCS, Military Services, and other DoD components in matters concerning nuclear weapons, nuclear weapons effects, nuclear weapons testing, and other aspects of the DoD nuclear energy program.

- Between 1966 and 1973, the nuclear stockpile was transferred to the Services and the Nuclear Weapons School and Sandia Base Hospital were transferred to the Air Force.
- In 1971, DASA was rechartered as the Defense Nuclear Agency. The basic mission of DNA as then defined is to provide consolidated management of the DoD nuclear weapons stockpile, DoD nuclear testing, and nuclear weapons effects research. DNA is also responsible for providing staff advice and assistance in nuclear weapons matters to the Secretary of Defense, JCS, Military Services, and other DoD and non-DoD Government Agencies.
- In 1978, DNA was assigned the responsibility for ensuring theater nuclear forces survivability.
- In 1979, DNA was assigned the responsibility for determining how to respond in case of a nuclear accident.

The current DNA charter is contained in DoD Directive 5105.31 dated, 18 March 1987. The Director, DNA, operates under the staff supervision of the Under Secretary of Defense (Acquisition) [USD(A)].

MISSION AND SCOPE

The mission of DNA is to provide support to OSD, JCS, the Military Services, Unified and Specified Commands, Defense Agencies, and other Federal Agencies on matters concerning nuclear weapons, nuclear weapons system acquisition, nuclear weapons effects, and other aspects of the DoD nuclear program. During wartime and international crises, DNA will direct its resources to support the JCS and the Commanders of the Unified and Specified Commands in analyzing nuclear weapons planning and action options.

DNA is composed of three primary organizations:

- DNA Headquarters provides guidance, support, and overview for the Agency.
- Field Command, DNA's operational element, coordinates between DoD and the Department of Energy on matters relating to nuclear weapons.
- Armed Forces Radiobiological Research Institute (AFRRI) conducts scientific research in radiobiology and related matters that are considered essential to the medical support of DoD.

DNA has approximately 1,400 personnel authorized in FY87 and a budget of \$360 million.

OVERSIGHT RELATIONSHIP

The USD(A), exercises staff supervision over DNA's research and development (R&D) activities, technical guidance, programming and budgeting, and other activities not specifically assigned. The CJCS exercises staff supervision over the military operational aspects of DNA activities and reviews and provides military advice on the adequacy of DNA efforts in nuclear weapons testing and nuclear weapons effects research that are related directly to systems employed in joint operations. As a consequence, the Director, DNA reports directly to the USD(A) on matters concerning policy, R&D, and programming and budgeting and to the CJCS on all operational aspects of DoD nuclear activities.

The oversight relationships that exist between DNA and OSD/JCS are excellent. The Director, DNA attends scheduled staff meetings of the CJCS and has access to the USD(A) or the CJCS whenever necessary. DNA structures its R&D program under the guidance of the Director, Defense Research and Engineering and receives technical guidance from the Assistant to the Secretary of Defense (Atomic Energy), both of whom report to the USD(A). Day-to-day problems are handled quickly and effectively at the staff levels of OSD/JCS/DNA.

CONCLUSIONS

Communications channels between the Director, DNA and the CJCS and the USD(A) are always open, easy to use, and responsive. Staff personnel in OSD/JCS/DNA work well together to resolve day-to-day problems.

RECOMMENDATION

Keep oversight arrangements among OSD, JCS, and DNA as they are.

SECTION 6. DEFENSE SECURITY ASSISTANCE AGENCY

BACKGROUND

The Defense Security Assistance Agency (DSAA) was established in August 1971 to centralize and increase the emphasis on management and control of the DoD security assistance program. At that time DSAA was under the direction, authority, and control of the Assistant Secretary of Defense (International Security Affairs) [ASD(ISA)]. The DSAA charter is contained in DoD Directive 5105.38, dated 10 August 1978. On 23 June 1983, by memorandum, the Under Secretary of Defense (Policy)[USD(P)] stated that direction and authority over the Director, DSAA would be exercised by the USD(P). The memorandum further stated that the Director, DSAA would serve as the Deputy Assistant Secretary of Defense (Security Assistance) to the ASD(ISA) and the ASD (International Security Policy) [(ISP)] on policy matters pertaining to security assistance in their individual areas of geographic responsibility. Thus, USD(P), ASD(ISA), and ASD(ISP) provide policy guidance and oversight to DSAA as shown in Figure 6-1.

MISSION AND SCOPE

The mission of DSAA is to direct, administer, and supervise the execution of security assistance programs. DSAA serves as the DoD focal point for tracking arms transfers and providing budgetary, legislative, policy, and other security assistance guidance. DSAA is the single office in DoD that must be able to keep all appropriate elements of DoD informed about the status of ongoing security assistance actions and be able to raise issues through proper channels when decisions from higher authority are needed.

DSAA has a staff of approximately 140 authorized personnel that are administratively supported by the Washington Headquarters Service. Foreign Military Sales (FMS) have been declining in recent years: FY84, \$14 billion; FY85, \$12.3 billion; FY86, \$7.1 billion; and FY87 estimated to be \$9.0 billion. This reduction, however, does not reduce the workload of the DSAA staff. It generally means that sales are more complex with additional conditions that require more, not

less, administrative effort. Consequently, the DSAA staffing level has been relatively stable for the past 5 years.

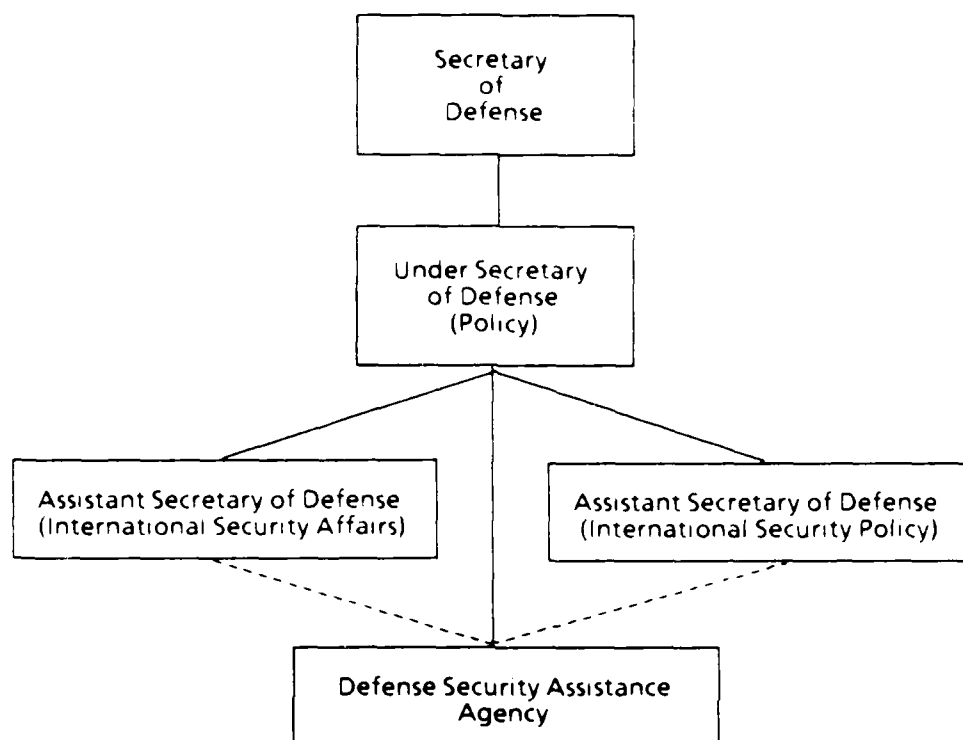


FIG. 6-1. DSAA OVERSIGHT ORGANIZATION

OVERSIGHT RELATIONSHIP

The USD(P) exercises direction and authority over the Director, DSAA and the two executives meet weekly to discuss appropriate issues. The Director, DSAA also attends the weekly staff meeting of the ASD(ISA) and further meets with him two or three times a week. Meetings between the Director, DSAA and the ASD(ISP) are less frequent and not structured even though the primary difference between the oversight roles of the ASD(ISA) and the ASD(ISP) involve geographical areas; the ASD(ISP) is concerned primarily with Europe and the ASD(ISA) is concerned with the balance of the world. From a DSAA viewpoint, day-to-day policy direction would be significantly streamlined if it came from a single source. A merging of the offices of the ASD(ISA) and the ASD(ISP) could provide that source. Continuing to maintain ISA and ISP as separate ASDs would be difficult to justify insofar as their

oversight of DSAA is concerned. There may, however, be other compelling reasons for the separation.

CONCLUSIONS

The functions performed by the DSAA are unique and could probably not be performed as effectively by some other type organization. Although the oversight relationship between the USD(P) and DSAA is good, the DSAA charter does not properly show the separate roles of USD(P), ASD(ISA), and ASD(ISP) to DSAA. Oversight of DSAA is splintered between the ASD(ISA) and the ASD(ISP) creating, at times, an awkward situation. Day-to-day direction would be more timely, complete, and consistent if it came from one source.

RECOMMENDATIONS

- Consider combining the offices of ASD(ISA) and ASD(ISP) into one ASD, thereby simplifying and enhancing day-to-day guidance and oversight of the DSAA.
- Revise the charter for DSAA to show the proper relationship of DSAA to OSD.

SECTION 7. AMERICAN FORCES INFORMATION SERVICE

BACKGROUND

The historical development of the American Forces Information Services (AFIS) goes back to 1940 when the internal information mission was placed in the Morale Division, Office of the Adjutant General, War Department. Following numerous organizational and functional changes, the AFIS was established in 1977 and placed under the guidance of the Assistant Secretary of Defense (Public Affairs) [ASD(PA)].

The major objectives of AFIS are to :

- Provide joint interest television, radio, and print materials for use in the internal information programs of the Military Departments
- Develop and oversee the implementation of policies and procedures pertaining to the management, content, publication, and distribution of Armed Forces Radio and Television Service (AFR&TS) broadcasting outlets, periodicals, and newspapers
- Administer centralized management information and resource management systems for AFR&TS activities
- Establish manning standards and provide budgetary and fiscal control for AFR&TS activities
- Negotiate for, acquire, and provide public service and commercial broadcast program materials to the Military Departments and ensure a free flow of general and military news, sports, and current events programs
- Develop and provide DoD internal information training requirements and guidance.

The AFIS Charter is contained in DoD Directive 5122.10 dated 19 March 1980. The ASD(PA) selects the Director of AFIS and exercises direction, authority, and control in accordance with DoD Directive 5122.5, Subject, Assistant Secretary of Defense (Public Affairs). Policy decisions are made at the ASD(PA) level; day to day operating decisions are made by the Director of AFIS, or if necessary, forwarded to the DASD level for resolution.

MISSION AND SCOPE

The AFIS provides joint-interest print, radio, and television materials for use in the internal information programs of the Military Departments and other DoD components. In 1977 the military and civilian staff of AFIS totaled 518 personnel, the highest in its history. This combined strength has been reduced to 211 in FY86 and is projected to be 220 in 1989. In FY87, AFIS provides policy direction and programming material to about 800 radio and TV stations operated by the Military Services in 56 countries. The 1987 President's Budget for AFIS is \$61 million, a \$5 million increase over the FY86 estimate.

OVERSIGHT RELATIONSHIP

The Director, AFIS reports directly to the DASD level on day-to-day issues that cannot be resolved within AFIS. Major policy issues are presented to the ASD(PA) by either the Director, AFIS or by the DASD. If necessary, the ASD(PA) forwards a significant issue to the Secretary of Defense for final adjudication. A good oversight relationship exists between AFIS and the Office of the ASD(PA). Communication channels are open, and reactions are timely and respond to the issues at hand. Program and budget requests are supported and relationships with the Washington Headquarters Service are good.

In the public affairs area, timeliness is of the essence. Communication channels must be open and responsive. Failure to do this results in instant criticism from military personnel, the public, and Congress. All indicators point to a system that works well.

CONCLUSIONS

The ASD(PA) exercises direction, authority, and control over the AFIS. Informally, day-to-day operating supervision has been delegated to the DASD level. This informal environment seems to blend with the need for timely decisions required to manage fast moving AFIS functions. Problems, questions, and answers move up and down the communications channels quickly and effectively. The system works, and oversight is low key but adequate and responsive.

RECOMMENDATION

- Consider formalizing the informal delegation of day by day overview responsibility from the ASD(PA) to the DASD(PA).

SECTION 8. DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

BACKGROUND

Dependents school operations overseas began in 1946 in Germany. Additional schools were soon established throughout the world, operated separately by the Military Departments. A school system under the control of an assistant secretary of defense was created in 1965, divided geographically into three regions, each receiving support from one of the Military Departments: Europe, from the Army; Atlantic, from the Navy; and Pacific, from the Air Force. In 1974, responding to Congressional concern over the fragmentation and lack of uniformity among the three regions, the Secretary created the Office of Overseas Dependents Education as a DoD field activity. In 1976, Congress shifted responsibility for operating the dependents overseas schools to a new Office of Dependents Schools (ODS) and mandated that all funding, manpower, curriculum development and program operation be vested in the ODS so that one education program would exist for the dependents of all overseas military personnel. By the end of 1979, with the passage of the Defense Dependents' Education Act of 1978, Public Law 95-561, the ODS had become the Department of Defense Dependents Schools (DoDDS) and was organized into five Regions under a Director who reported directly to the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) [ASD(MRA&L)].

MISSION AND SCOPE

DoDDS, the largest DoD Field Activity, operates 269 schools in 20 countries with a total enrollment of over 150,000 students. Its primary mission is straightforward—to provide a quality education from kindergarten through grade 12 for eligible minor dependents of U.S. military and civilian personnel of the Department of Defense stationed overseas. Its secondary mission is to advise and counsel the Assistant Secretary of Defense (Force Management and Personnel) [ASD(FM&P)] on matters relating to dependents schools. DoDDS is equivalent in size to the ninth largest public school system in the United States, with schools

ranging in enrollment from as few as 15 (Decimomannu Elementary School, Italy) to as large as approximately 2,000 (Ramstein Elementary School, Germany).

The United States is not one of the 20 countries in which schools in the DoDDS system are found. *Section 6* schools, established by and centrally funded under the authority of Section 6, Public Law 81-874, provide military dependents' education at remote military bases in eight states and Puerto Rico. The ASD(FM&P) supervises both the DoDDS and the Section 6 schools through the Deputy ASD (Family Support, Education, and Safety) [DASD(FSE&S)].

OVERSIGHT RELATIONSHIP

Effective operation of any major school system poses substantial management challenge. It appears that DoDDS has endured a full measure in recent years. For example:

- Legislation transferring the responsibility for the DoDDS system from the DoD to the Department of Education was passed, with attendant demands for planning by the headquarters staff, then later revoked.
- The DoDDS directorship changed five times over the past 2 years.
- The delegation of oversight responsibility was changed from the ASD(MRA&L) to the ASD(FM&P). The change was complicated by organizational and personnel changes in the OSD oversight office and a change of scope of responsibility of the DoDDS Director, i.e., supervision of the Section 6 Schools was briefly assigned.
- The DoDDS charter, DoD Directive 1342.6 (October 17, 1978, subject: "DoD Dependents Schools"), is obsolete. It assigns the DoDDS as an "OSD field activity under the policy guidance of the ASD (Manpower, Reserve Affairs, and Logistics)." DoD Directive 5124.2 [July 5, 1985, subject: "Assistant Secretary of Defense (Force Management and Personnel)"] assigns the responsibility of oversight of dependents education to the ASD(FM&P). Some confusion exists in the chain of oversight authority below the level of the ASD(FM&P), however. Although the Director, DoDDS reports to the ASD via the DASD (FSE&S), some argue that the Director, Dependents Schools Policy is interposed between the DASD and the DoDDS Director.
- The DoDDS Deputy Director was absent for several months for health related reasons; the position is now vacant.

- Although two of the five regional director positions are authorized at the Senior Executive Service (SES) level, the Deputy Director position is authorized at the GS-15 level.

The oversight relationship has improved in the immediate past with a focusing by the Acting Director and the ASD/DASD on the need for systemic indicators of DoDDS performance.

In addition to the normal OSD field activity oversight arrangement, the ASD has available the Dependents Education Council (DEC) to serve as an oversight and consultative vehicle. The DEC, chaired by an ASD-designee, consists of a representative from each of the Military Services, a representative from each overseas Unified Command, and the Director, DoDDS. Meeting approximately quarterly, the DEC is a potentially powerful oversight tool to insure that the objectives of the "customers," the OSD, and the school system are in concert. A review of recent agendas shows, however, that the DEC spends most of its attention on specific problems at the expense of policy issues. A recent directive, DoD Instruction 1342.15 (March 27, 1987, subject: "Educational Advisory Committees and Councils") promulgates policies and responsibilities for an array of organizations and allows parents, teachers, students, DoDDS administrators, military commanders, and professional educators as well as OSD personnel to participate in monitoring the quality of education provided by DoDDS.

CONCLUSIONS

The recent organizational and oversight history of DoDDS is full of confusion and turmoil. The charter, which might otherwise serve as continuing guidance, has been allowed to become obsolete. Changes in the assignment of the OSD oversight official and the DoDDS Director have jeopardized the understanding and rapport that often develop between a field activity director and his sponsor/supervisor and that are usually found in effective oversight relationships. That sense of partnership never had a chance to get started. The authority of the DoDDS directorate may have been undermined during this period of headquarters discontinuity.

The Acting Director's recent start on the development of a comprehensive set of management indicators is a worthwhile undertaking which should be continued by the new Director and receive the report of the ASD(FM&P) and the DASD(FS E&S).

In an organization of approximately 13,000 personnel, headed by a political appointee, an SES-level Deputy Director appears to be justified on the basis of executive skills and continuity required. During periods of flux like those which the DoDDS oversight arrangements have undergone, an SES-level Deputy Director would have the implicit authority to supervise the field activity and to represent the activity to its overseeing executives.

The boards and councils constituted to advise the ASD, the DASD, and the Director have the potential to assist substantially in the oversight process if their attentions are directed towards systemic considerations and policy issues.

RECOMMENDATIONS

- Develop a complete set of systemic indicators to measure the performance of the DoDDS.
- Upgrade the position of the Deputy Director to the SES level.
- Instruct the Director, DoDDS, in his position as Executive Secretary, Dependents Education Council, to steer the attention of the DEC to policy level concerns.
- Revise the DoDDS charter to show the correct OSD assignment for the DoDDS oversight responsibility.

SECTION 9. DEFENSE INFORMATION SERVICES ACTIVITY

BACKGROUND

The Defense Information Services Activity (DISA) was established in June 1985 after the Conference Report on the DoD Authorization Act of 1985 directed a reduction in the size of the OSD. DISA was established as an Office of the Assistant Secretary of Defense (Public Affairs) [OASD(PA)] support organization comprising those activities and personnel that were not reportable under the Congressional Public Affairs Limitation Budget.

The major functions of DISA are to:

- Conduct security reviews of all material prepared within DoD for public release and publication or submitted by outside sources for such review.
- Direct and administer the Mandatory Declassification Review Program for OSD, Office of the Joint Chiefs of Staff (OJCS), and other DoD components.
- Implement the DoD Freedom of Information Act and the access portion of the Privacy Act Program for OSD, OJCS, and other assigned DoD components.
- Respond to inquiries from the public and from Federal and state Government agencies regarding DoD policies, programs, or activities.
- Serve as official point of contact for public and media appearances by DoD officials and provide any necessary advance planning or coordination.
- Prepare speeches, public statements, Congressional statements, articles for publication, and other materials for release by DoD or White House officials.

The DISA Charter is contained in DoD Directive 5122.15 dated 14 June 1985. The ASD(PA) serves as the Director of DISA and selects the Deputy Director, who is responsible for the day-to-day direction and control of DISA operations.

The Deputy Director of DISA also serves as a Special Assistant for Freedom of Information and Security Review to the ASD(PA). This is a career SES-level job. Technically, the Deputy Director of DISA is not on the DISA staff but rather is on

the OASD(PA) staff. Such is also the case for two subordinate positions, the DISA Director for Programs and the Deputy Director for Security Review. Both are "Schedule C" positions and are on the OASD(PA) staff as Special Assistants to the ASD(PA) – not counted as part of the DISA staff. Furthermore, the highest grade levels in DISA are GS-15 for civilians and O-6 for military personnel.

Since all the key officials of DISA are double-hatted, the sponsor and the activity are virtually synonymous. Consequently, DISA operates like a Directorate within OSD rather than as a DoD Field Activity. With such an arrangement, oversight, per se, is not an issue.

MISSION AND SCOPE

DISA implements assigned DoD policies and programs for providing information to the media and the American public. Staffing in FY87 consists of 36 civilian and 19 military personnel. The President's Budget for DISA is \$2.4 million for FY87 and remains at that level through FY89.

OVERSIGHT RELATIONSHIP

Oversight is not an issue in DISA because all top DISA officials are also key personnel assigned to the OASD(PA).

CONCLUSIONS

DISA is operated like a Directorate in OSD rather than as a DoD Field Activity. The sponsor and the activity are basically indistinguishable, and both are located in the Pentagon. If DISA were located outside the Pentagon, as is the case for most DoD Field Activities, it is questionable whether it could operate effectively under its current organization. If the DISA relationship with OASD(PA) is changed there are two choices for improving performance. The first is to staff DISA with full time personnel at all key levels with SES or military grades sufficient to operate successfully at the OSD/Defense Agency level. The second and perhaps best, alternative is to combine DISA functions and personnel with AFIS. Although functions are not identical they are in the public affairs area and could be administered jointly. This option also offers the possibility of some savings in reduced overhead and administrative support.

RECOMMENDATION

- If the current arrangement between OASD(PA) and DISA relationship is changed, select either one of two options: staff DISA with single-hatted personnel in key positions including the Director, Deputy Director, and subdirectors; or combine DISA with AFIS to form a single DoD Field Activity responsible for internal and external media programs.

SECTION 10. DEFENSE MEDICAL SUPPORT ACTIVITY

BACKGROUND

The most recently chartered of the DoD Field Activities, the Defense Medical Support Activity (DMSA) is an amalgamation of two essentially separate organizations that provide separate medically-oriented services to the Department of Defense. Each organization is headed by a Director who reports to the Director, DMSA.

An earlier medical support field agency, the Tri-Service Medical Information System (TRIMIS), was established on 11 June 1975 to improve health care delivered by the Military Departments by applying automatic data processing techniques to health care systems. Previously, that mission had been assigned to one of the Military Departments as executive agent. Military Health Services System managers' dissatisfaction with the information and systems support they received prompted the Assistant Secretary of Defense (Health Affairs) [ASD(HA)] to convene the ASD(HA) Task Force on Systems Integration in September 1984.

Pursuing the Task Force's recommendations, the Secretary disestablished the office of the Deputy Assistant Secretary of Defense (Information Systems), which supervised TRIMIS, and established the Defense Medical Systems Support Center (DMSSC) to consolidate all Office of ASD(HA) automation and information system programs in May 1985.

In June 1985, the Secretary accepted the principal recommendation of the congressionally-mandated Blue Ribbon Panel on Sizing of DoD Medical Treatment Facilities that the ASD(HA) review, select, establish priorities, and allocate resources for medical construction projects. He transferred to the ASD(HA) the military medical construction and design authority, resources, and responsibility from the individual Military Departments. Rather than establish a separate field activity to execute this newly assigned mission, the Comptroller and the Assistant Secretary elected to combine the new Defense Medical Facilities Office (DMFO) with

the DMSSC in a bifurcate field agency that would embrace both organizations. The organization is depicted in Figure 10-1.

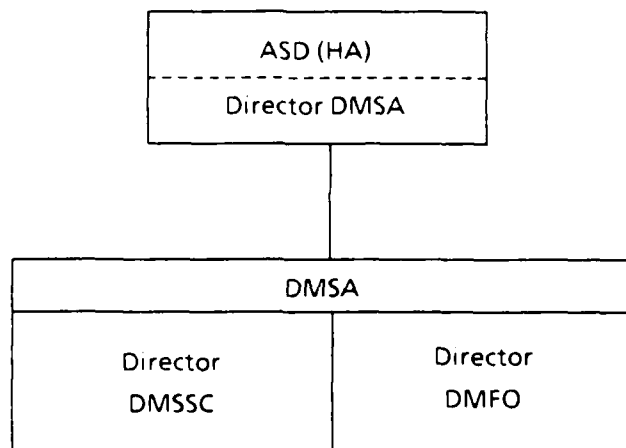


Fig. 10-1. DMSA OVERSIGHT ORGANIZATION

MISSION AND SCOPE

DoD Directive 5136.10, 6 February 1986, established the DMSA as a DoD Field Agency under the direction, authority, and control of the ASD(HA) and designated the ASD as Director, DMSA. The DMSA mission is threefold:

Develop and maintain an integrated system for planning, programming and budgeting for medical facility construction projects (to include initial construction, replacement, modification, modernization, and supporting facilities) throughout the Department of Defense and for managing the allocation of the financial resources approved for such projects. [DMFO]

Develop, maintain, and oversee the enhancement and operation of information systems and related communications and automated data processing (ADP) systems in support of the activities of the DoD Military Health Care System (MHCS) [DMSSC]

Provide other support for DoD military medical programs, as directed.

The two constituent organizations are almost completely separate functionally (DMSSC performs some administrative support functions for DMFO) as well as being physically separate (although collocation is planned). Each has a Director who is responsible to the Director, DMSA [ASD(HA)].

DMSSC is responsible for all aspects of all information systems that support or are planned to support the MHCS, and to conduct health information planning, issue information system policies and standards, and evaluate health information systems within the DoD. This includes the responsibility to oversee program and budget submissions from the Military Services pertaining to automated health information systems and justifying Defense-wide policies and systems to Congress. Some of these systems are:

- Defense Enrollment Eligibility Reporting System (DEERS) – provides the seven Uniformed Services and the beneficiaries a single source of information on the over 12 million people who are entitled to receive health benefits
- Reportable Disease Data Base
- Medical Expense and Performance Reporting System
- Medical Readiness and Theater Systems – including the Theater Communications System, the Defense Medical Regulating Information System (supporting patient evacuation), and the Blood Products Management System
- The Tri-Service Medical Information System – a standardized, automated, integrated array of systems to provide clinical and administrative support for individual Military Medical Treatment Facilities
- The information systems of the Civilian Health and Medical Program of the Uniformed Services.

The DMFO was chartered in February 1986 to perform the medical facility construction mission assigned to the DMSA. It will complete its first Planning, Programming, and Budgeting System (PPBS) cycle in FY87 and must put in priority order all funding for the medical facility construction projects proposed by the Military Departments projects that each Department would have funded according to its own priority before the establishment of DMSA DMFO. In consultation with the OASD(HA), OASD(FM&P), OJCS, and the Military Departments, among others, DMFO has established a priority matrix for the order of precedence by which

proposed medical construction projects will be funded. The matrix orders the construction projects in accordance with the military function supported by the proposed facility. Top to bottom, the precedence of functions is:

- Readiness to support military actions of the Unified and Specified Commanders according to JCS-approved Operation Plans
- Newly assigned military missions
- Missions at overseas locations
- Missions at medically underserved CONUS locations
- Support of graduate military medical programs
- CONUS operational missions
- CONUS training missions
- All others.

An estimated total obligational authority in excess of \$300 million for FY87 was transferred to DMFO from the separate Military Departments.

OVERSIGHT RELATIONSHIP

The ASD(HA) has unencumbered oversight access to DMSA; not only is he assigned direction, control, and authority over DMSA, he is also assigned as Director, DMSA. Within the OASD(HA), day-to-day supervision of DMSSC is provided by the Principal Deputy Assistant Secretary and supervision of DMFO, by the Deputy ASD (Medical Resources Administration).

In addition to the hierarchical arrangement by which direct oversight is conducted, the ASD(HA) employs additional oversight vehicles.

- The Defense Health Services Information Systems Advisory Board is chartered by DoD Instruction 6000.9 (subject: The DoD Health Services System Information Resource Management Program, 3 October 1986). The Board consists of the Director, DMSSC, who is the chairman; the Directors of DMFO and Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS); the Health Affairs DASDs; and senior representatives from the OJCS, the Military Departments, and other appropriate assistant secretariats. The Board reviews policies and programs pertaining to health services information systems and develops

recommendations to improve their effectiveness, efficiency, and responsiveness.

- The DoD Medical Program Review Committee (MPRC) is chartered by DoD Directive 6035.2 (subject: DoD MPRC, 15 October 1986). Established after the transfer of medical facility construction planning, programming, and budgeting authority to the ASD(HA), the MPRC complements the Defense Resources Board by providing an integrated review of the medical portions of all DoD components' Program Objective Memorandums. Chaired by the Assistant Secretary, the Committee's membership includes the Principal Deputy Director, Program Analysis and Evaluation; the Director, Strategic Plans and Resources Analysis Agency of the OJCS; and the Military Service Programmers. The purpose of the MPRC is to serve as a forum to resolve program issues confronting the Military Health Services System.

CONCLUSIONS

The organizational arrangement in which the Assistant Secretary is also the Director of the Activity is unusual, and the consolidation of the two quite dissimilar functions within the same activity is also unusual. However, both the organization and the consolidation are understandable and rational from the perspectives of reducing the number of layers between policy creation and implementation and of reducing the number of separate, special-purpose field activities.

The DMSSC segment of DMSA provides a specialized, technically-oriented service, common to all the Military Departments. Its establishment and performance of the common service are in keeping with the provisions of Title 10, United States Code, which authorize the Secretary to establish such organizations. In view of the technical rather than policy-making nature of its mission and functions, it is not apparent why the services it provides could not be assigned to a Military Department as executive agent. However, the fact that its predecessor activity had been administered recently in that manner argues that the field activity designation is a preferred alternative.

The DMSSC Director's appointment as the Chairman, Defense Health Services Information Systems Advisory Board appears unusual. The assignment of the chair's authority to an executive member of the Office of the Assistant Secretary, such as the Principal Deputy or an assigned Deputy Assistant Secretary and the Center Director's assignment as Executive Secretary would not only be a more

nearly standard arrangement, but also would be appropriate to the organizational composition of the Board.

The mission and functions assigned to the Director, DMFO could not properly be assigned to a Service Secretary as executive agent; the potential for conflict of responsibilities is apparent. On the other hand, assignment of the military medical facility planning and programming functions to the Office of the Assistant Secretary would be substantially less acceptable to the Military Departments. Field activity assignment is an appropriate compromise; it should be afforded the opportunity to work.

RECOMMENDATIONS

- Keep the oversight arrangements between OSD and DMSA as they are.
- Assign the chairmanship of the Defense Health Services Information Systems Advisory Board to an executive member of the Office of the Assistant Secretary.

SECTION 11. OFFICE OF ECONOMIC ADJUSTMENT

BACKGROUND

The Office of Economic Adjustment (OEA) was created in 1961 to help communities adjust to problems caused by a major DoD base closure and reduction program initiated at that time. Many jobs in affected communities were expected to be eliminated and no DoD or other Government Agency offices existed with the primary purpose of helping communities recover from a sudden major loss of DoD jobs and attendant economic support. The Secretary of Defense created OEA to provide that support and placed it organizationally, as an independent Directorate, reporting directly to the then Assistant Secretary of Defense (Installations and Logistics).

The fundamental objectives of OEA have remained about the same since it was established 26 years ago. However, overall program support is now provided through the President's Economic Adjustment Committee (EAC) composed of the heads of 18 Federal departments and agencies and chaired by the Secretary of Defense. OEA provides the permanent staff for the EAC. Also, in addition to helping communities who primarily have experienced major base closures or reductions, OEA now helps facilitate other significant DoD program changes as well. These include:

- *Growth Impact.* Help the community and the affected Military Service plan for the services and facilities needed to meet requirements generated when a major expansion or the establishment of a new DoD installation occurs (i.e., strategic systems, homeporting, light infantry).
- *Defense Contract Terminations.* Assist in stabilizing local economies by creating new jobs and helping provide economic diversification when major defense contracts are terminated.
- *Encroachment.* Establish community groups to control development contiguous to military facilities that would adversely affect mission accomplishment.

- *Force Structure Realignments.* Provide assistance to both losing and gaining communities by assessing local impacts and recommending appropriate responses to community needs.
- *Special Studies.* Implement Congressionally mandated studies and analyses, provide community guidance and special education needed to cope with change, and advise other Federal, state, and local agencies how best to assist communities that require their help.

The OEA Charter is contained in DoD Directive 3030.1 dated 29 November 1978 which is currently being revised. The published charter indicates that the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) [ASD(MRA&L)] provides policy guidance and management direction to OEA. When the functions of the ASD(MRA&L) were divided on 5 July 1985, and the Office of the ASD (Force Management and Personnel) [OASD(FM&P)] was established, OEA was made a part of that office and the Director of OEA became an element of the Office of the Deputy Assistant Secretary of Defense (Resource Management and Support) [DASD(RM&S)].

MISSION AND SCOPE

The mission of the OEA is to:

- Assess the impact of major reductions or expansions in DoD programs on local communities in order to recommend an appropriate response to resulting community needs
- Plan, direct, coordinate, and manage economic adjustment programs to alleviate serious social and economic impacts that may result from major changes in DoD programs and activities
- Assist local officials to develop and implement feasible plans that will alleviate the impact of DoD actions when requested by communities, and in coordination with local, state, and other government agencies
- Serve as the permanent staff of the President's Economic Adjustment Committee as prescribed by Executive Order 12049, Defense Economic Adjustment Program.

Since 1961, 400 communities have been assisted, and about 138,000 new jobs were added in 100 locations to replace 93,000 jobs that were lost due to major base closures or reductions or contract cutbacks. As a direct result of efforts by OEA, community resistance to major DoD changes has been reduced and the relationship of major new bases with neighboring communities has been improved.

OVERSIGHT RELATIONSHIP

Major policy issues are forwarded by the DASD(RM&S) to the ASD(FM&P) for decision and if necessary to the Secretary of Defense for final resolution. The performance evaluation of the Director, OEA is signed by the DASD(RM&S). The Director, OEA indicates that the channel of communication to his sponsor is direct and easy to use, and the DASD(RM&S) is very responsive to OEA needs. Support of OEA budget requests and requests for staff increases, office space, and other policy and administrative activities appears to be quite satisfactory from OEA's viewpoint.

The DASD(RM&S) and Director, OEA state that the current organizational arrangement works well and that considerable logic supports its future continuation. There is no identified or observed problem that suggests a different organization or oversight channel would be more effective. In fact, the OEA record for successfully completed projects supports the conclusion that the existing system is working as it should. Further, there is little evidence that critical complaints are being received from within DoD, Congress, or communities about projects requiring DoD economic assistance.

CONCLUSIONS

The OEA reports to the DASD(RM&S). The channel of communications is direct, easy to use, and responsive. The DASD(RM&S) and the Director, OEA, indicate the current oversight arrangement works well and will continue to work in the future. Significant current problems can be quickly forwarded to the ASD(FM&P) for resolution or to the Secretary of Defense if the need arises. The success of OEA's program speaks well for the oversight and interest shown at the OSD level over a 25-year period for community economic analysis programs affecting DoD activities. The current system works and is properly located in the OSD organization.

RECOMMENDATION

Retain the organizational relationship among the ASD(FM&P), the DASD(RM&S) and the OEA.

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1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971) using a Shimadzu 1010 spectrophotometer.

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19. ABSTRACT Continued:

- Consider combining the offices of the Assistant Secretary of Defense (International Security Affairs) and the Assistant Secretary of Defense (International Security Policy) to unify the oversight of the Defense Security Assistance Agency.

Institutional deficiencies also exist which impede better general oversight. Those deficiencies and recommendations to overcome them are:

Satisfactory oversight of A&FAs is hindered by the lack of a system of recurring reports on their status, performance, and problems. Continuum oversight requires that select information be furnished at least annually to the Secretary of Defense and, when appropriate, to the Chairman of the Joint Chiefs of Staff (OCJCS). We recommend that OSD, OCJCS, and A&FAs jointly develop essential reporting requirements that, as a minimum, cover performance, readiness, and problems.

The Goldwater-Nichols DoD Reorganization Act of 1986, Public Law 99-433, designates four Defense Agencies as combat support agencies (CSAs). It gives the OCJCS more authority and responsibility for resource requirement generation and resource management. The Act thus requires closer cooperation among the OCJCS, the Unified and Specified Commands, and the CSAs. Continuous liaison is needed. Liaison arrangements should be negotiated.

If A&FAs are to function effectively within the total DoD complex, their responsibilities and limits must be continually updated. The Joint Chiefs serves that purpose, but only if they are kept up-to-date. Many are obsolete. We recommend that the Deputy Assistant Secretary of Defense (Administration) review and revise all A&FA charters as necessary and that he coordinate a review of A&FA charters every two years.

We believe implementation of the recommended actions will improve the oversight of the Defense Agencies and the DoD Field Activities and be consistent with the provisions of Public Law 99-433.

Defense Agencies reviewed are:

- Defense Contract Audit Agency
- Defense Investigative Service
- Defense Legal Services Agency
- Defense Logistics Agency
- Defense Nuclear Agency
- Defense Security Assistance Agency

DoD Field Activities reviewed are:

- American Forces Information Service
- Department of Defense Dependents Schools
- Defense Information Services Activity
- Defense Medical Support Activity
- Office of Economic Adjustment

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